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INTELLIGENCE MEMORANDUM

IMPLICATIONS OF GHANA'S DIPLOMATIC
RUPTURE WITH THE UK

DIRECTORATE OF INTELLIGENCE

Office of Current Intelligence

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CENTRAL INTELLIGENCE AGENCY
Office of Central Intelligence
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INTELLIGENCE MEMORANDUM

Implications of Ghana's Diplomatic Rupture
with the UK

1. Ghana's severance of diplomatic relations with the UK over Rhodesia, as called for by the recent OAU ministers meeting in Addis Ababa could lead to an erosion of important substantive ties which still link Ghana with the West despite Nkrumah's long leftward drift. The damage will be greater if Nkrumah breaks away from the Commonwealth as well, an action he now seems bent on taking at an early date. At present, however, both London and Accra appear anxious to minimize the practical consequences and keep existing non-political relationships intact as much as possible.

2. There is ample evidence that Nkrumah hesitated to take the plunge out of concern for the price his financially hardpressed country might ultimately have to pay. In the end, however, his determination to keep himself in the African vanguard appears to have been the overriding consideration. The final decision apparently was taken only on the eve of the 15 December deadline, after he became convinced that at least some other states--he had sent special emissaries to Guinea and Tanzania--were going ahead. Initial domestic reaction to the break suggests that it is one of the most unpopular decisions Nkrumah has made.

3. Although Nkrumah's speech in the National Assembly on 16 December kept open the door for Ghana to participate in any early Commonwealth meeting on Rhodesia, such as Nigeria has proposed, he had officially informed British Prime Minister Wilson on 14 December that a break with Britain "would mean Ghana's withdrawal from the Commonwealth." Tanzania's

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Nyerere specifically affirmed his present intention to remain in the Commonwealth despite his rupture with London and no other Commonwealth state seems to be seriously contemplating such a step. Nkrumah's assembly speech revealed that his basic motivation for getting out in front in this regard flows from his unique preoccupation with schemes for early continental political union. By ridding himself of the embarrassment, in this context, of his Commonwealth link, he evidently hopes to step up pressure on other African leaders to cut their ties to special political or economic groupings with their "ex-colonial masters." A main target would be the associate membership in the European Economic Community maintained by 18 African states and long denounced by Nkrumah as a major barrier to African unity.

4. Nkrumah has so far not taken the same pains as Nyerere to reassure London of his continuing interest in receiving its various forms of assistance.

EO 12958 3.4(b)(1)>25Yrs
(C)

[REDACTED] Ghanaian Foreign Minister Quaison-Sackey assumed an offensive tone in communicating the rupture decision on 15 December [REDACTED]

5. Nevertheless, there are signs that the Nkrumah regime will try to circumscribe the scope of its break with Britain in an effort to avoid disturbing basic bilateral relationships and to enable the UK to keep most of its programs and non-diplomatic personnel in Ghana. [REDACTED]

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[REDACTED] Ghana wished to retain its trade personnel and education officer in London. Inquiries [REDACTED] on this occasion regarding maintenance of consular operations went unanswered, but such an arrangement appeared to be under active consideration last week, at least by some of Nkrumah's more responsible advisers. Nkrumah stated publicly on 16 December that the rupture does not affect British business interests or British technicians and military personnel recruited directly by Ghana.

6. The extent to which Britain's presence and aid programs in Ghana (see Annex I) will be affected

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by the diplomatic rupture will depend in large part on London's reaction. British officials in Accra last week, in their unsuccessful effort to forestall Ghanaian implementation of the OAU resolution, were specifying in low key some of the elements of UK-Ghana relations that might be damaged. They pointed particularly to the British-subsidized military advisers, who currently provide vital assistance to Ghana's air force and navy, as well as to teachers and technicians. They also raised the possibility that some UK nationals performing key commercial and other functions might be unwilling to remain in Ghana in the absence of diplomatic protection.

7. Subsequent to Ghana's break, High Commissioner Smedley expressed doubt that the British military training team could remain in place, but there has been no clear indication of London's intentions with respect to these advisers or its other programs. The Wilson government will probably seek to preserve as many of its substantive ties with Accra as possible, in part so as not to provide new opportunities for possible further inroads by Communist countries. Ghana's departure from the Commonwealth would be a complicating factor, however, as most British aid is provided under legislation authorizing assistance to Commonwealth countries. No new economic aid is likely to be advanced while diplomatic relations remain severed.

8. For the present Ghana's extensive trade ties with the UK and the sizable private British investment in Ghana probably will not be adversely affected to any significant degree. Loss of Commonwealth trade preferences would presumably lead to some shrinkage of Ghana's trade with the UK, but no serious difficulties for Accra. Should the rupture be protracted and bitter--Nkrumah has said normalization depends on Britain's crushing the Rhodesian rebellion and establishing majority rule--basic British interests might well be imperiled. It is not inconceivable, for example, that at some point the socialist-minded Nkrumah regime might start harassing some of the important remaining British commercial interests.

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9. A break with the Commonwealth would also jeopardize Canadian aid, which has been of some significance (see Annex II). As in the case of Britain, the important technical assistance component is furnished under a program applicable only to Commonwealth countries.

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ANNEX I: UK-Ghana Economic and Military Ties

1. Almost nine years after becoming politically independent, Ghana still has important economic and military ties with the UK. The latter has remained, though by a diminishing margin, the major trading partner under Commonwealth trading arrangements which provide for reciprocal preferences. Britain has also continued to furnish significant development grants and credits and technical assistance. Moreover, British private investment in Ghana remains sizable, although the large wholesale firms are gradually being replaced by the Ghanaian Government's trading company. As a member of the sterling area, Ghana enjoys access to the London money market and a centralized foreign exchange clearing system.

2. In 1964, about one-fourth of Ghana's total trade was with Britain--23 percent of all exports and 27 percent of its imports. Ghana sells its gold, much of its mineral output, and some of its cocoa to the UK. However, because Ghana sells around half its exports to the US and the EEC, it has less need of the sterling zone system than many other members and is, in fact, a net dollar earner for the zone.

3. The UK provided the first and probably the bulk of the numerous suppliers' credits Ghana is using to finance its development program. British firms have granted around \$250 million in such credits, on which Ghana still owes at least \$150 million. Britain also loaned Ghana \$14 million for the Volta project. The unused balance stands at \$8.4 million and Ghana is seeking release of these funds for other development projects.

4. While the UK did not respond favorably to Ghana's year-long search for sizable new development loans, it did recently provide a \$22.4 million short-term credit--against Ghanaian collateral--which expires in January or February 1966 and is conditionally renewable for another three months.

5. British technical aid to Ghana is provided under the Special Commonwealth African Assistance Plan and under the Commonwealth Education Cooperation scheme. In 1964, the UK spent less than a million

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dollars on technical aid for Ghana. In 1965, there were over 80 students on scholarships in the UK--mostly in scientific and technical fields--and about 40 British experts in Ghana under these agreements. The majority of these experts fill cadre posts in government and quasi-government service--telecommunications, cocoa research, railroads, harbors, customs and excise, economic planning, and civil air, for example.

6. As of mid-1965, there were about 180 British teachers in Ghana, not including the 75 VSO's (Peace Corps types), most of whom teach. The UK "tops-off" the salaries of some of the key teachers--18 at present.

7. Since 1962 a British Joint Services Training Team has provided important military assistance, especially to Ghana's embryonic air and naval forces. The team currently numbers over 100 officers and men and is by far the largest foreign military advisory group in Ghana.

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ANNEX II: Canadian Aid to Ghana

1. Canadian aid to Ghana includes suppliers' credits, technical assistance, and scholarships. Only two suppliers' contracts had been signed as of mid-1965; their value totalled under \$10 million. The major contract was for five Caribou aircraft, and most of this loan has been repaid.

2. Technical assistance and scholarships are provided under the Canadian Commonwealth aid program. Canada supplies over 150 personnel, including 20 to 25 military instructors; the military hospital in Accra is heavily dependent on Canadians. There are also about 40 to 50 teachers, and about 60 technicians in such fields as television, road transport, medicine, agronomy and irrigation.

3. Canada has nearly completed a technical vocation center under a \$1 million grant, and has programmed \$100,000 in development loan funds which are as yet unallocated. In addition, there are over 60 Ghanaian trainees in Canada studying a variety of subjects.

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